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Accounting vs. taxation in Romania. A behavioral analysis of principles

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In this study we analyze the perception of practitioners about the accounting-tax relationship, focusing on the theoretical principles underlying accounting and taxation. We obtained 160 valid responses by questionnaire from specialists in Cluj county, Romania. By comparing responses from the accountants to tax inspectors emerges the symmetry or asymmetry of perception of accounting to taxation. In this respect the most important user of accounting information in the perception of inspectors are the employees and in the perception of accountants are the associates/shareholders and managers. The analysis of the true and fair view (TFV) taxation is persistent for all professional categories. For accountants and tax inspectors the components of TFV are identified by factor analysis, taxation being one of these components. Practitioners' responses indicate that accounting principles are more rigorously respected, than the principles of taxation.

Keywords: accounting, taxation, theory, behavioral analysis, practicians, Romania

JEL classification: H20; H25; M40; M41

Introduction

Analysis of accounting-tax relationship experienced a significant concern both for researchers and practitioners. From this point of view we raise the question of defining the object of the study, i.e. what should be studied to show the accounting-taxation relationship (connection).

This relationship can be studied at *conceptual/normative level*, comparatively researching tax and accounting rules/concepts (analytical research). Such an approach would certainly raise several contributions, since practices are based on these rules, however, would not allow an empirical evaluation of current practices.

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The issue of accounting-tax connection/disconnection can be studied *at the level of financial-accounting data versus fiscal data* (actual empirical research). Such an analysis is very useful because it allows the qualitative or quantitative assessment of (i.e. measuring) the relationship between taxation and accounting. The most recent and representative work in this regard for Romania is Cuzdriorean (2011).

We believe that tax and accounting data are the result of actions, decisions and steps performed by skilled practitioners. We therefore look at the connection / disconnection of tax to accounting of human (practitioners') perception perspective, resulting in an empirical behavioural research.

In the following we present a brief review of the literature to understand the concerns of the area and the main results obtained. After discussing the methodological issues we analyze and interpret the results.

Short review of the literature

Traditionally, the study of tax-accounting relationship had been carried out by analytical method (analytical research). In this perspective we mention the following papers: Ristea (1995), Feleagă (1999), Istrate (1999), Sucală (2002), Berinde (2004, 2006), Berinde & Răchişan (2005), Matiş et al. (2005), Petre & Lazăr (2006), Cotleţ & Megan (2007), Şteţ (2008), Bunget & Dumitrescu (2008), Neamţiu (2008), Lepădatu (2008), Matiş & Pop (2010), Cuzdriorean (2010), Deaconu & Cuzdriorean (2011).

Ristea (1995) concludes that as far as accounting is influenced by tax, its objectives can be evaluated only in terms of taxation. Further, Istrate (1999) and Feleagă (1999) criticizes the influence on supporting accounting information distortion. Moreover, Feleagă believes that taxation harms accounting, idea carried on by Duţescu, who speaks about tax pollution (Duţescu 2000 and 2002). Complexity and capability of this relationship are analyzed and discussed by Sucală (2002).

Berinde (2004) examined the possibility of disconnection of accounting from taxation by introducing in Romanian legislation the concept of deferred tax. The major problem that Berinde noticed in his studies (Berinde 2004, Berinde & Răchişan 2005, Berinde 2006), which he considered to be the origin of the influence of taxation in accounting is that the state is the primary user of accounting information, particularly in the case of SMEs.

Petre & Lazăr (2006) analyze the difference between accounting regulation and practice in Romania. They conclude that accounting rules are not affected by tax, proved by the fact that there are two, completely different and independent laws (and norms), i.e. Accounting Law 82/1991 and Ordinance of Finance Ministry 3055/2009 for accounting Regulation, Law 571/2003 on the tax code and Government Decision 44/2004 on detailed rules of the Tax Code for fiscal regulation. In the practical application of these laws accountants use instead of accounting the taxation perspective due to their choices and not imposed by rules. A similar opinion is supported in Cotleţ & Megan (2007). *In this sense it can be concluded that not accounting is influenced by taxation, but accounting practitioners' behaviour and choices are influenced by the tax considerations. This is one of the reasons why this methodology was applied in the present research.*

Şteţ (2008) studying the accounting-tax relationship states that it is extremely difficult to determine the priority of one against the other, because they are interdependent, which is true from the practitioners' perspective. On one hand accounting data is the basis for determining taxes, while tax influence accounting by special regulations.

An interesting idea can be found in Bunget & Dumitrescu (2008), who consider that the tax-accounting relationship is rather a set of converging and diverging views, a debate on tolerance and intolerance, an ongoing dispute on accounting information quality that manifests in the everyday activity of the Romanian accountants.

Neamţiu (2008) addressing the international perspective of the relationship between accounting and taxation, differentiates between the Anglo-Saxon and Continental European approaches. While the first accounting system is seen as being less fiscally affected compared to the last, the author argues that given this fact, the accounting information is of higher quality. Thus, the author considers that taxation leads to distortion of accounting information.

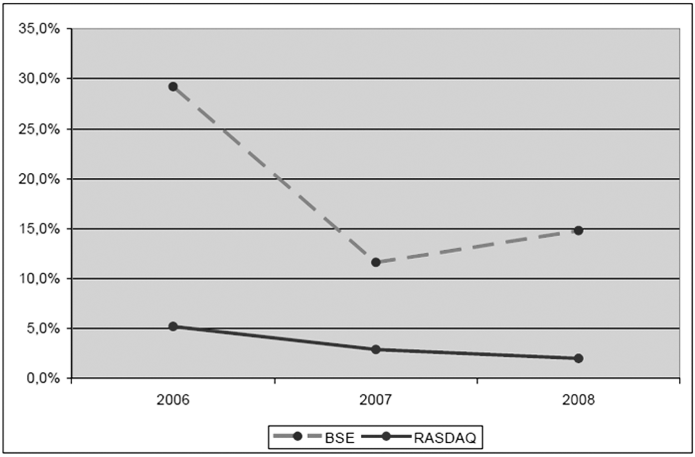
A very comprehensive study was recently conducted in the field by Cuzdriorean (2011). The contributions of this research are the thorough literature review, accounting-taxation relationship analysis both through historical and systemic perspective, recognition of professional and institutional determinants of this relationship, and also an empirical analysis, issue discussed later in this chapter.

For this research there are relevant empirical studies in this field. Bosnyák (2003, referred by Cuzdriorean 2011) examined the economic environment in Hungary under the spectrum of factors that influence decisions in accounting policies of Hungarian companies. In this sense, decisions taken by firms/accountants are mostly influenced by taxation purposes and it explains 26.17% of the variance of decisions in case of SMEs (taxation is the most significant factor) and 15.08% in case of big entities (the second most significant factor).

Based on this study, determinants of accounting policy decisions have been studied in Romania by Fekete et al. (2010). The authors conclude that in Romania tax consideration is the second most influent factor, explaining 9.54% of the choices made by specialists in accounting policies and treatments.

Another study in which the authors try to quantify the influence of taxation on accounting is Cuzdriorean et al. (2010). The authors conclude that the influence of tax vary both in time, as well as the size of the entities (small, medium, large). Empirically tested on a sample of listed entities the fiscal impact, which is estimated at 29.2% (in 2006) and 11.6% (in 2007). These values (although obtained by different statistical methods) are comparable both with Hungarian results and with the results of previous empirical studies.

Cuzdriorean (2011) identifies the main factors that capture tax influence on accounting, such as the issue of depreciation (method, duration), provisioning (where and what is the type and purpose of the provision), depreciation, revaluation of property, stocks (entry and exit), fiscal treatment of expenses (donations, sponsorships, entertainment, interest, research and development, pensions), changing accounting policies and correcting errors. The author analyzes the accounting



Sample	Level of influence (%)		
	2006	2007	2008
BVB	29.2	11.6	14.8
RASDAQ	5.2	2.9	2.0
Overall	5.2	3.1	2.1

Source: Cuzdriorean et al. (2010)

Figure 1. Evolution of the de facto tax influence over accounting on BSE[3] listed entities

and tax treatment of them, differentiated by entity size, showing by descriptive statistical tools that small and medium entities pursue 'fiscal rules' against 'accounting rules', while at large entities the situation is reversed, there 'accounting rules' prevail.

With this methodology in mind we question the extent to which accounting approach precede tax, in other words, to what extent practitioners consider a (tax/accounting) treatment more important or use more often than any other treatment. Thus we come to analyze the connection-disconnection of tax to accounting in the *perception of practitioners*.

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Methodology of research

As any empirical study, after establishing the objectives the next challenge is to create the database. Data collection was conducted through a *questionnaire by sampling method*. Data processing was performed using SPSS 17.0.

Respondents had to mark agreement or disagreement on a particular sentence or treatment, the agreement being measured on a Likert scale graded from 1 (disagreement) to 5 (total agreement). Some questions that could be associated with the size of entities, responses were required on three levels - small, medium and large entities. As a consequence, we get a pattern on the value judgment as well as behavior of the respondents. In this paper we use the (arithmetic) mean as simplified interpretation thereof. It can also address other methods (frequency analysis, modal analysis, etc.) which are subject to a continuation of this study.

Regarding the establishment of the sample, due to the limited time available for data collection, specialists in Cluj county were defined as subjects, so that in future studies the geographic area of sampling to be spread throughout Romania. For this reason we chose not to run statistical tests on the results, since sample representativeness in Romania is not verified – therefore focusing on the interpretation of results at the level of the sample.

In total 562 questionnaires were sent, out of which we received 168 responses (with a response rate of 30%). Of this 8 questionnaires were eliminated being considered invalid due to errors in response, so that the final database contains 160 valid responses (with a valid response rate of 28.5%).

Initially 12 professional categories were identified. Because some categories contain only a few observations (n<5), we proceeded to recoding these categories given the similarity / differentiation in the activity of those persons. Two categories remained with a relatively small number of observations (researcher and company administrator), which could not be included in any other category. Thus the final sample was obtained as shown in tables 1 and 2.

Table 1. Fundamental characteristics of the sample – average professional experience

Professional category	**Frequency**	**Weight in sample (%)**	**Professional experience in the field (years)**			
			Mean	**Std.Dev**	**Min**	**Max**
Accountant	59	36.9	11.74	7.159	1	27
Consultant / expert	12	7.5	11.80	9.438	3	35
Auditor	9	5.6	12.00	3.391	7	16
Tax inspector	73	45.6	15.88	5.471	4	35
Professor / researcher	3	1.9	11.67	5.033	7	17
Administrator / director	4	2.5	9.75	0.500	9	10

Source: own research

Table 2. Fundamental characteristics of the sample – average size of client entities

Professional category	**Frequency**	**Weight in sample (%)**	**Structure of portfolio by size (%)**		
			Small	**Medium**	**Large**
Accountant	59	36.9	64.02	24.12	11.86
Consultant / expert	12	7.5	63.75	31.25	5.00
Auditor	9	5.6	22.78	55.00	22.22
Tax inspector	73	45.6	74.16	22.26	3.58
Professor / researcher	3	1.9	88.33	11.67	0
Administrator / director	4	2.5	33.00	34.50	32.50

Source: own research

The sample is dominated by two professional categories, namely accountants and tax inspectors. Average work experience is rather high, it varies between 10 and 16 years (for example, tax inspectors's average is 15.88 ≈ 16 years). We conclude that, based on their working experience, opinions expressed by the respondents are relevant and authentic.

On the other hand it can be seen that most respondents have SME customers, so we can expect that opinions expressed on SMEs are more relevant than those for large entities.

Analysis and interpretation of results

The first question relates to the users of accounting information. Accounting theory (i.e. the General Framework of International Accounting

Table 3. Analysis of perception concerning the importance of users of accounting information

Professional category Users	Entities		
	Small	**Medium**	**Large**
Accountants			
Associates/shareholders	1	1	4
Managers	2	2	1
Credit institutions (banks)	6	5	2
Tax authorities	4	6	3
Clients/suppliers	3	4	5
Employees	5	3	6
Consultants / experts			
Associates/shareholders	2	2	2
Managers	2	2	1
Credit institutions (banks)	5	4	6
Tax authorities	3	3	4
Clients/suppliers	4	3	3
Employees	1	1	5
Auditors			
Associates/shareholders	3	1	5
Managers	3	5	1
Credit institutions (banks)	1	3	2
Tax authorities	2	4	4
Clients/suppliers	4	2	3
Employees	5	6	5

Standards Board) states that investors (associates/shareholders) are those who are the intended beneficiaries of the financial statements (thus of accounting information). In practice, these users can be different.

To understand how practitioners think about the nature and importance of users, they were asked to give importance to each user category (from 1-7). After recalculation of coefficients (users of equal importance

Professional category Users	**Entities**		
	Small	**Medium**	**Large**
Accountants			
Associates/shareholders	2	3	2
Managers	3	5	1
Credit institutions (banks)	4	4	4
Tax authorities	6	6	3
Clients/suppliers	5	2	5
Employees	1	1	6
Consultants / experts			
Associates/shareholders	2	2	1
Managers	2	3	3
Credit institutions (banks)	2	2	4
Tax authorities	1	1	2
Clients/suppliers	3	4	5
Employees	4	5	5
Auditors			
Associates/shareholders	2	3	3
Managers	4	4	2
Credit institutions (banks)	3	2	2
Tax authorities	4	3	1
Clients/suppliers	5	1	-
Employees	1	-	-

Source: own research

received the same coefficient; where there is no answer no coefficient was granted) the results shown in Table 3 were obtained.

It is interesting to note the first users considered by various professional categories. Thus, accountants consider associates / shareholders and managers as the first recipients of information for both SMEs and large entities. Tax inspectors and tax advisors see employees as the most important users. It can be concluded that except for accountants no other professional category confirms the accounting theory.

Question about *true and fair view (TFV)* struggles to find an 'equivalent' in everyday use of the concept. Thus, we tried to identify which explanation(s) reflects/reflect best the content of that concept. The results are disclosed in Table 4 on the complete sample, for accountants and for tax inspectors (we skip other professional categories due to few answers).

Table 4. Analysis of TFV concept

Meanings of TFV concept	**Sample**		**Accountants**		**Tax inspectors**	
	Rank	**Mean**	**Rank**	**Mean**	**Rank**	**Mean**
1. Rigorous legislation	**3**	**3.37**	**3**	**3.51**	**3**	**3.31**
2. Correct information	**1**	**4.49**	**1**	**4.39**	**1**	**4.51**
3. Economic foundation	**2**	**4.04**	**2**	**3.84**	**2**	**4.12**
4. Professional judgment	4	3.17	4	3.13	4	3.16
5. Tax judgment excluded	5	2.05	6	1.96	6	1.96
6. Deviation from legislation	6	2.01	7	1.89	5	2.06
7. Applicable only to audited entities	7	1.99	5	2.15	7	1.84
8. Theoretical concept	8	1.61	8	1.79	8	1.53

Source: own research

Ranks seem to be similar across the sample and the most relevant categories, thus being no difference in the assessment of the meanings of the TFV concept by different professional categories. Specialists consider that correct information (1), economic foundation (2) and rigorous legislation (3) are the most important practical aspects of the TFV concept.

For a more detailed study we proceeded to run a *factor analysis on TFV by principal component method.* We attempted to regroup the 8 components in order to understand each of the factors by which we tried to operationalization / interpretation of the concept of true and fair view. On the other hand, in order to conduct the study, two sample segments were considered and compared: accountants (being considered here accountants, auditors and consultants) and tax inspectors (being considered here also tax auditors). For lack of space we present here only some calculations and the final conclusions of the study.

The first partial sample comprises 61 observations on accountants. First we did the checking of creditworthiness of factor analysis (i.e. the factors are correlated enough for statistical analysis to make sense; economic meaning will be checked later at the interpretation of results). Creditworthiness is measured by KMO indicator, which has a value of 0.645, indicating that the factors are related to a medium size (i.e. factor analysis is possible, but we can expect an average quality of results).

After running the analysis we obtained 3 principal components that have eigenvalue above 1, having a total variance of 63.143% (Table 5). This means that by reducing the 8 factors to 3 we lost 36,857% of information.

Table 5. Factor analysis on accountants' data

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.683	33.532	33.532	2.683	33.532	33.532	2.206	27.581	27.581
2	1.319	16.488	50.020	1.319	16.488	50.020	1.528	19.094	46.675
3	1.050	13.123	63.143	1.050	13.123	63.143	1.317	16.468	63.143
4	.965	12.060	75.203						
5	.721	9.016	84.219						
6	.532	6.650	90.869						
7	.426	5.328	96.196						
8	.304	3.804	100.000						

Extraction Method: Principal Component Analysis.

Source: own research

Components were loaded based on factors from the rotated component matrix (the highest correlation of a factor indicated the loading component), as presented below:

Table 6. Analysis of TFV components in accountants' perception

Meanings of TFV concept	**1**	**2**	**3**
1. Rigorous legislation			0.550
2. Correct information	0.812		
3. Economic foundation	0.605		
4. Professional judgment			0.789
5. Tax judgment excluded		0.873	
6. Deviation from legislation		0.726	
7. Applicable only to audited entities	-0.527		
8. Theoretical concept	-0.700		

Source: own research

The first component includes factors 2 and 3 having positive sign, as well as 7 and 8 with a negative sign. We understand, accountants consider the concept of TFV being applicable not only to audited entities but to all entities, not just a theoretic concept but one that takes full effect in practice. Considering the factors included in this component ('correct information', 'economic foundation'), it could be labeled the component that reflects the *economic content of the accounting information*.

The second component includes factors 5 and 6 ('excluding tax judgment' and 'the deviations from legislation'). This component can be considered as being the link to taxation, so we can denote it as *fiscal regulation*. The third component includes factors 1 and 4 ('rigorous legislation' and 'professional judgment'), so provides information on the regulation and enforcement of accounting. For this reason we call it *accounting regulation*.

Accordingly, based on responses received, accountants consider the concept of TFV having three significant components: the economic content of accounting information, tax regulation and accounting rules.

The other sample contains in essence *tax inspectors*, with a total of 74 responses. KMO indicates the value of 0.628, therefore we have again a slightly above average quality results. After running principal-component analysis we obtained 3 components with a total explained variance of 63.375%. This means that by reducing factors from 8 to 3 about 36.625% of the information is lost.

Table 7. Factor analysis on tax inspectors' data

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.341	29.257	29.257	2.341	29.257	29.257	1.915	23.941	23.941
2	1.529	19.116	48.373	1.529	19.116	48.373	1.628	20.347	44.288
3	1.200	15.002	63.375	1.200	15.002	63.375	1.527	19.087	63.375
4	.941	11.765	75.140						
5	.615	7.687	82.828						
6	.538	6.729	89.557						
7	.478	5.977	95.534						
8	.357	4.466	100.000						

Extraction Method: Principal Component Analysis.

Source: own research

Components were loaded from the rotated component matrix based on correlations between the factors and components (loading where the correlation is highest), as follows:

Table 8. Analysis of TFV components in tax inspectors' perception

Meanings of TFV concept	**1**	**2**	**3**
1. Rigorous legislation		0.734	
2. Correct information		0.820	
3. Economic foundation			-0.742
4. Professional judgment			0.615
5. Tax judgment excluded	0.793		
6. Deviation from legislation	0.775		
7. Applicable only to audited entities	0.712		
8. Theoretical concept		-0.522	

Source: own research

The first component includes factors 5, 6 and 7. Given the strong correlation with the factor 5 and 6, we might consider this component as the related accounting issues (excluding tax judgment, the possibility of deviations from the law). Given the applicability to audited entities we consider this factor as *tax dissociation*, i.e. disconnecting accounting from taxation in the favor of accounting. This, however, cannot be done, only in large firms, where there is demand for this accounting information and which is also audited.

The second component that explains TFV can be labeled *legislation (regulation)*, since 'rigorous legislation' and 'correct information' factors are included. Tax inspectors do not consider this concept exclusively as theoretical (the coefficient of factor 8 is -0.522), but indeed strong theory is needed to substantiate regulation (accounting or tax).

The last component refers to *professional judgment*. We have difficulty in interpreting the economic fundamentals that are correlated with reverse component (-0.742). We assume that either this question was not well understood or respondents believe that understanding the fundamentals of transactions affect less the accounting TFV concept, aspect with which the authors disagree.

In conclusion, based on the responses of tax inspectors the concept of TFV consists of: tax dissociation, regulation (legislation) and professional judgment.

The last question in the questionnaire referred to the tax and accounting principles; namely, how respondents perceive to what extent these tax and accounting principles are respected/achieved in practice. We present the received answers in Table 9.

It is immediately apparent that accounting principles' rating is very high (generally above 3.50; mean values ranging from 3.59 up to 4.14), which means that all professional categories consider these principles are highly respected in practice. We consider interesting to compare responses from different professional categories. We expected that those who verify the work of accountants to have a less positive opinion on compliance with these principles; both auditors' and tax inspectors' average qualification is less than accountants' average (3.59 and 3.68 < 3.85).

It is also interesting to analyze and compare principles between them. Figure 2 highlights, that some principles in accounting is generally considered to be more respected than others irrespective of professional categories, i.e. independence of periods, separate evaluation of assets and liabilities and intangibility of balance sheet.

Table 9. Mean qualifications granted for tax and accounting principles

PRINCIPLES	Complete sample	Accoun-tants	Tax inspectors	Auditors	Consul-tants	Prof./research.	Admin.
Accounting principles							
n =	159	59	73	9	12	3	4
1. prudence	3.61	3.64	3.58	3.22	3.67	4.33	3.75
2. independence of periods (accrual and matching principle)	4.23	4.17	4.26	4.13	4.25	4.33	4.75
3. separate evaluation	4.08	4.31	3.87	4.00	4.18	4.33	4.25
4. intangibility of balance sheet	4.22	4.20	4.17	4.88	4.08	4.33	4.25
5. non-compensation	3.74	3.69	3.79	3.50	3.58	4.00	4.25
6. substance over form	3.69	3.80	3.66	3.13	3.67	3.00	4.25
7. level of significance	2.75	3.14	2.42	2.25	3.09	2.33	3.50
All principles together	3.76	3.85	3.68	3.59	3.79	3.81	4.14
Fiscal principles							
1. neutrality of tax	3.24	3.43	3.11	2.67	3.83	2.00	3.25
2. certainty of taxation	3.06	3.61	2.70	2.33	3.42	1.33	3.25
3. tax fairness	2.57	3.17	2.14	2.22	2.67	1.67	2.75
4. efficiency of tax	2.66	3.03	2.36	2.33	3.00	1.67	3.25
All principles together	2.88	3.31	2.58	2.39	3.23	1.67	3.13

Source: own research

In case of fiscal principles we can observe immediately their lower value (typically below 3.50), which shows a "collective agreement" of all respondents that these principles are not well respected in practice. Continuing our discussion as of accounting principles, we find that in this case the inspectors are more pessimistic than accountants. Surprisingly, inspectors are those who consider tax principles to be less respected than accountants. Also, auditors’ and consultants’ qualifications are below the value granted by accountants, all categories considering that taxation principles are inadequately applied in practice.

PRINCIPLES	Complete sample	Account-ants	Tax inspectors	Auditors	Consult-ants	Prof./ research.	Admin.
Accounting principles							
1. prudence	3,61	**3,64**	**3,58**	3,22	3,67	4,33	3,75
2. independence of periods	4,23	**4,17**	**4,26**	4,13	4,25	4,33	4,75
3. separate evaluation	4,08	**4,31**	**3,87**	4,0	4,18	4,33	4,25
4. intangibility of BS	4,22	**4,2**	**4,17**	4,88	4,08	4,33	4,25
5. non-compensation	3,74	**3,69**	**3,79**	3,5	3,58	4,0	4,25
6. substance over form	3,69	**3,8**	**3,66**	3,13	3,67	3,0	4,25
7. level of significance	2,75	**3,14**	**2,42**	2,25	3,09	2,33	3,5
Tax principles							
1. neutrality of tax	3,24	**3,43**	**3,11**	2,67	3,83	2,0	3,25
2. certainty of taxation	3,06	**3,61**	**2,7**	2,33	3,42	1,33	3,25
3. tax fairness	2,57	**3,17**	**2,14**	2,22	2,67	1,67	2,75
4. efficiency of tax	2,66	**3,03**	**2,36**	2,33	3,0	1,67	3,25

Ranges and colors

[1.0-1.5) [1.5-2.0) [2.0-2.5) [2.5-3.0) [3.0-3.5) [3.5-4.0) [4.0-4.5) [4.5-5.0]

Source: own research

Figure 2. Pattern of qualifications granted for tax and accounting principles

Conclusions

In this paper we analyzed connection of tax to accounting and vice versa, in the perception of stakeholders. In this respect we identified 6 professional categories, of which accountants and tax inspectors are the most important and, therefore, the most profound analyzed.

With regard to information users, accountants consider associates/ shareholders and managers as the first recipients of information for both SMEs and large entities. Tax inspectors and tax advisors see employees as the most important user category. It can be concluded that except for accountants no other professional category confirm accounting theory.

The TFV concept is assimilated with fairness, economic foundation and regulated (standardized) characteristic of information, by both accountants and tax inspectors. From the factor analysis results, that for accountants TFV can be ‘reduced’ to the following dimensions: economic content of the accounting information, tax regulation and accounting regulation; for tax inspectors the concept of TFV is composed of: tax dissociation, regulation (legislation) and professional judgment.

We can say therefore that both professional categories consider regulation (accounting, tax) and professional judgment as basic pillars of pragmatic meaning TFV concept. Dissociation of tax considerations (in case of tax inspectors) and the economic content of the information (in case of accountants) we consider that it shows rather a desire, an aspiration of professionals in applying the concept of true and fair view.

The analysis of tax and accounting principles shows that in the perception of practitioners surveyed, accounting principles are generally better respected than those of the tax, which has significant impact on the way (positive or negative) in which accounting and taxation are perceived. In this study we could not analyze the reasons for which these principles (accounting and tax) are considered to be violated, we plan to study these issues in future research.

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